

88-1856X

NOTE FOR:  Procurement Executive, Office of *Attch. OCA-2* STAT  
Logistics  
FROM:  Congressional Affairs STAT  
SUBJECT: CENTEL

1. As I mention today, CENTEL has objected to Rep. Hyde's letter (attached) giving our position on the contract bid. CENTEL's letter of 22 August (attached) claims:

--CENTEL's lifetime costs were substantially lower than ITCs.

--CENTEL's technical solution was significantly better.

--There was no tie.

2. Smeeton has asked that we rebut these claims in writing with any documentation we can provide substantiating the Agency position. Smeeton informed me that he has asked GAO for all their material on the case.

3. I will need your reply by C.O.B, 8 September.

STAT

cc: DDA  
D/OL  
D/OCA

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## U.S. HOUSE OF REPRESENTATIVES

### PERMANENT SELECT COMMITTEE ON INTELLIGENCE

WASHINGTON, DC 20515-6415

oca 2904-88

August 11, 1988

Mr. Ken Casazza  
Vice President  
CENTEL Federal Systems  
11400 Commerce Park Drive  
Reston, Virginia 22091

Dear Mr. Casazza:

This letter is to inform you that ~~I have personally investigated CENTEL's~~  
~~complaint against the CIA regarding the awarding of a contract to one of your~~  
~~competitors - ITC. After receiving a definitive briefing from those involved~~  
~~in the CIA decision, and questioning them closely, I am satisfied that the~~  
~~Agency acted properly.~~

Specifically, I have learned that CENTEL was one of 43 firms invited to bid on this contract. CENTEL was among the 12 companies that responded with proposals. After an exhaustive review and screening process, CENTEL and ITC beat all the competition but each other. In short, they tied. When that happens, the Agency contract evaluators look to other discriminating factors in making their award decision. In this case, cost, particularly over the long-term, plus TEMPEST security considerations, proved determinative in favor of ITC. In this connection, you should know that neither Director Webster nor anyone associated with his office participated at any point in the evaluation process.

In closing, I must say that I deeply regret that your company did not win this contract. But it is my assessment that the CIA award process was administered correctly.

Sincerely,

Henry J. Hyde

Ranking Republican Member

11400 Commerce Park Drive  
Reston, Virginia 22091-1506  
Telephone 703 758-7000

**CENTEL**

August 22, 1988

Mr. Henry J. Hyde  
Ranking Republican Member  
Permanent Select Committee on Intelligence  
U. S. House of Representatives  
Capitol Bldg., H-405  
Washington, DC 20515-6415

Dear Mr. Hyde:

I want to thank you, and Mr. Tom Smeeton of your staff, for your personal attention to Centel's complaint regarding the improper award of a CIA contract to one of our competitors. We appreciate your interest in the fairness of the Federal procurement process and are pleased with your concern regarding the interest of one of your constituents.

We had hoped that an inquiry from you, and the corresponding high level of attention within the Agency, would have resulted in an accurate presentation of the facts in the matter. We were confident that this would result in a correction of the mistake, internally by the Agency, thus avoiding the costs, delays and public attention associated with formal litigation.

We understand that Director Webster and his immediate staff did not directly participate in the evaluation process. I can assure you, however, that the information presented to you is an inaccurate representation of the facts in the matter. The GAO has obtained documents from the Agency which have been provided to us, that clearly show that Centel's system lifetime costs were determined by the Agency's Cost Evaluation Team to be substantially lower than ITC's system lifetime costs, and that the Agency's Technical/Management Evaluation Team determined (even after an inexplicable "re-evaluation") that Centel's technical solution was significantly better (by approximately 9%) than ITC's technical solution. TEMPEST security considerations were included in this evaluation.

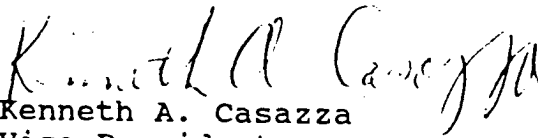
Mr. Henry J. Hyde  
August 22, 1988  
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**CENTEL**

There was no "tie". Centel was the clear winner, on both a technical and cost basis, of an open competitive procurement. The only factors cited by the Source Selection Authority to support an award to ITC, in contravention of recommendations by the Agency's evaluation teams, were factors already included in the evaluated scores by the Agency's evaluation teams.

I realize that it is appropriate for you to consider, in good faith, the information provided to you by the Agency to be complete and accurate, pending a determination to the contrary by the GAO or a Federal Court. Please accept our sincere appreciation for the time and effort you have already expended on our behalf in this matter.

Sincerely,

  
Kenneth A. Casazza  
Vice President  
Sales & Marketing

/lj

cc: Tom Smeeton